



Lodestone Exploration Limited

ABN 20 075 877 075

www.lodestonex.com

31 July 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Electronic Lodgment System

Dear Sir,

QUARTERLY ACTIVITY REPORT FOR THREE MONTHS TO 30 JUNE 2006

Activities in the June quarter were almost entirely corporate:

- groundwork for a \$2.38 million rights issue and
- renegotiation of the Karinya Zinc Project agreement

A renounceable rights issue was announced on 16 June 2006, underwritten by Patersons Securities Limited, Perth, and completed on 21 July 2006.

An agreement to earn equity in Sedex Minerals Pty Ltd was renegotiated in favour of a farm-in that offers Lodestone a direct interest in Sedex's Karinya Zinc Project. The farm-in was announced on 16 June 2006, and is summarised in Lodestone's July 2006 Prospectus.

Fieldwork was deferred while Lodestone focused on these corporate activities, and will resume in August beginning with the Bocoolima and Karinya farm-ins.

Yours faithfully,

A handwritten signature in black ink that reads "John McCawley".

John McCawley
Executive Director
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